



The Food Assistance Landscape

FY 2010 Annual Report

The U.S. Department of Agriculture (USDA) administers 15 domestic food and nutrition programs that provide a nutritional safety net for millions of children and low-income adults. The programs, which serve one in four Americans at some point during the year, are especially important during economic downturns. Accounting for over two-thirds of USDA's budget, the programs represent a significant Federal investment. USDA's Economic Research Service (ERS) conducts studies and evaluations of these programs. This report is based on preliminary data from USDA's Food and Nutrition Service (FNS), the agency responsible for managing the programs. Trends in the food and nutrition assistance programs through fiscal 2010 (October 1, 2009 to September 30, 2010) are examined. A number of ERS research reports released in 2010 also are summarized.

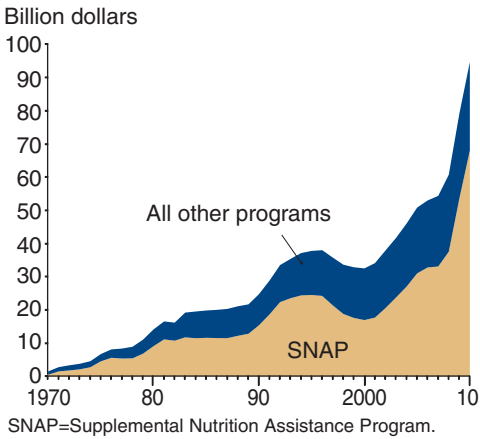




Expenditures for Food Assistance Continue To Increase

Federal expenditures for USDA's food and nutrition assistance programs totaled \$94.8 billion in fiscal 2010, or 20 percent more than the previous fiscal year. Fiscal 2010 marked the 10th consecutive year in which food and nutrition assistance expenditures exceeded the previous historical record. Since fiscal 2004, expenditures for food and nutrition assistance have more than doubled. The five largest food and nutrition assistance programs in fiscal 2010—the Supplemental Nutrition Assistance Program (SNAP), the National School Lunch Program, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the Child and Adult Care Food Program, and the School Breakfast Program—accounted for 96 percent of USDA's expenditures for food and nutrition assistance. Each of these five major programs expanded, to varying degrees, during fiscal 2010.

USDA expenditures for food assistance, FY 1970-2010



Number of SNAP Participants Continues To Rise

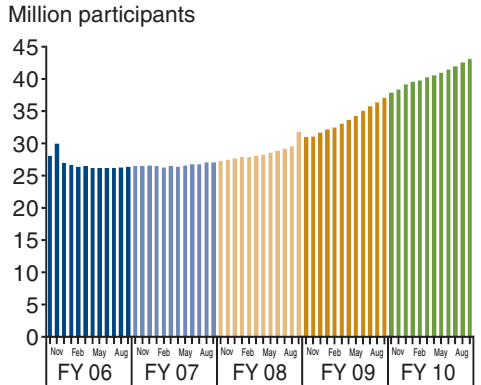
The Supplemental Nutrition Assistance Program (SNAP)—formerly the Food Stamp Program—is the foundation of USDA's food and nutrition assistance programs, accounting for 72 percent of all Federal food and nutrition assistance spending in fiscal 2010. The program provides monthly benefits for eligible participants to purchase food items at authorized food stores. SNAP is available to most needy households with limited income and assets (subject to certain work and immigration status requirements). During fiscal 2010:

- Federal spending for the program reached \$68.2 billion, or 27 percent more than the previous record high of \$53.6 billion set the previous year. This increase was due to

both an increase in the number of participants and an increase in the average per person monthly benefits.

- An average 40.3 million persons per month participated in the program, the largest number to ever participate in the program and 20 percent more than during the previous year.
- September 2010 marked the 23rd consecutive month that SNAP participation increased. Over the last 3 fiscal years, participation increased in 34 of the 36 months.
- Benefits per person averaged almost \$134 per month or 7 percent more than the previous year. This increase was due largely to the increase in the maximum benefit level provided in the stimulus package that took effect in April 2009.

Monthly SNAP participation, FY 2006-2010



Note: The rise in Supplemental Nutrition Assistance Program (SNAP) caseloads in September 2008 was due to disaster assistance in response to Hurricanes Gustav and Ike.

Number of Infants and Women Participating in WIC Falls

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) helps safeguard the health of low-income pregnant, breastfeeding, and postpartum women as well as infants and children up to age 5 who are at nutritional risk, by providing a package of supplemental foods, nutrition education, and health care referrals. During fiscal 2010:

- Spending for WIC totaled \$6.8 billion or 4 percent more than in fiscal 2009.
- An average 9.2 million people per month participated in the program, or 1 percent more than in the previous fiscal year. The number of children increased 3 percent. Reflecting the decrease in U.S. births in 2009, the number of women and infants participating in the program each



Federal nutrition assistance at a glance

Program		FY 2009	FY 2010	Change
SNAP	Average monthly participation (millions)	33.5	40.3	20.3%
	Average benefit per person (dollars/month)	125.31	133.79	6.8%
	Total annual expenditures (\$ billions)	53.6	68.2	27.1%
WIC	Average monthly participation (millions)	9.1	9.2	0.6%
	Food cost per person (dollars/month)	42.40	41.55	-2.0%
	Total expenditures (\$ billions)	6.5	6.8	4.4%
National School Lunch Program	Average daily participation (millions)	31.3	31.6	0.9%
	Total expenditures (\$ billions)	10.0	10.5	4.7%
School Breakfast Program	Average daily participation (millions)	11.1	11.6	5.1%
	Total expenditures (\$ billions)	2.6	2.8	10.1%
Child and Adult Care Food Program	Meals served in:			
	• Child care centers (millions)	1,217.4	1,247.6	2.5%
	• Family day care homes (millions)	612.9	594.8	-3.0%
	• Adult day care centers (millions)	66.0	67.3	2.0%
	Total expenditures (\$ billions)	2.5	2.6	3.9%
All programs	Total expenditures (\$ billions)	79.2	94.8	19.7%

SNAP=Supplemental Nutrition Assistance Program.

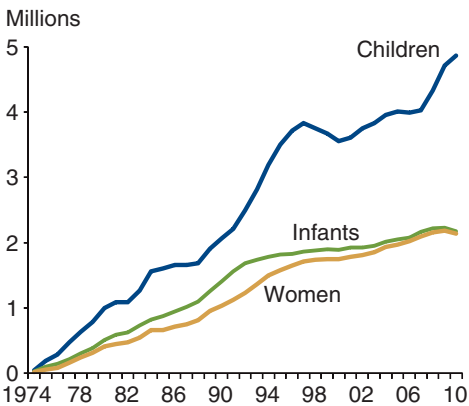
WIC=Special Supplemental Nutrition Program for Women, Infants, and Children.

Notes: The figures are based on preliminary data provided by USDA's Food and Nutrition Service as of December 2010 and are subject to change. Total program expenditures includes figures from other programs not shown in table.

decreased 2 percent from the previous year. Over half (53 percent) of all participants were children (ages 1-4), 24 percent were infants, and 23 percent were women.

- Monthly per person food costs averaged \$41.55 after rebates or 2 percent less than the previous fiscal year.

Average monthly participation in WIC, FY 1974-2010



WIC=Special Supplemental Nutrition Program for Women, Infants, and Children.

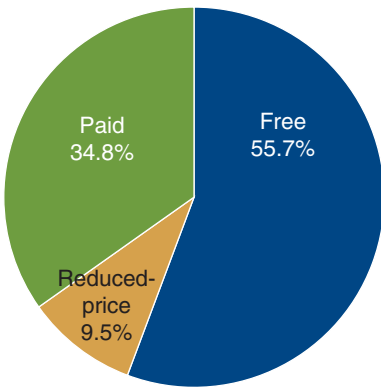
Participation in the National School Lunch Program Stabilizes

The National School Lunch Program provides nutritious lunches at low or no cost to students. Schools that participate in the National School Lunch Program receive cash and some commodities from USDA to offset the cost of food service. In return, the schools must serve lunches that meet Federal nutrition requirements and offer free or reduced-price lunches to needy children. Any child at a participating school may enroll in the program. Children from families with incomes at or below 130 percent of the Federal poverty guidelines are eligible for free meals, and those from families with incomes between 130 percent and 185 percent of the poverty guidelines are eligible for reduced-price meals. Children from families with incomes over 185 percent of the poverty guidelines pay full price, although their meals are still subsidized to a small extent. During fiscal 2010:



- Spending for the program totaled \$10.5 billion or 5 percent more than in the previous year.
- Average participation in the program—31.6 million children per day—was only 1 percent more than the previous year.
- The percentage of all school lunches provided free to students increased from 53 percent to 56 percent. Reduced-price meals accounted for 10 percent of all meals, the same as in the previous year.

Share of school lunches served, by type of reimbursement, FY 2010



School Breakfast Program Expands

The School Breakfast Program provides low-cost breakfasts to school children, with students from low-income families receiving free or reduced-price meals (eligibility requirements are the same as those for the National School Lunch Program). During fiscal 2010:

- Spending for the program totaled \$2.8 billion or 10 percent more than in the previous year.
- An average of 11.6 million children participated in the program each school day, 5 percent more than the previous fiscal year.
- Seventy-five percent of all breakfasts served were provided free to students, up from 73 percent in fiscal 2009. Another 9 percent were provided at a reduced price, down from 10 percent the previous year.

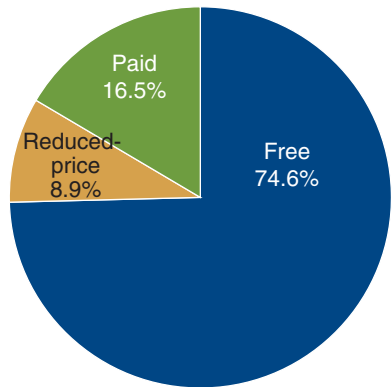
Child and Adult Care Food Program Grows Slightly

The Child and Adult Care Food Program subsidizes healthy meals and snacks in participating child care centers and homes and adult day care facilities. The providers of care are

reimbursed for each type of qualifying meal (breakfast, lunch/supper, or snack) they serve. During fiscal 2010:

- Program expenditures totaled \$2.6 billion, about 4 percent greater than the previous year.
- A total of 1.9 billion meals were served, about the same as during the previous year. The number of meals served increased by 2 percent in both adult day care centers and child care centers while the number of meals served in family child care homes decreased by 3 percent.

Share of school breakfasts served, by type of reimbursement, FY 2010



Economic and Social Indicators

Economic and social conditions affect participation in and spending on the food assistance programs through their influence on (1) the size of the eligible population, (2) the rate of participation among eligible people, and (3) benefit levels. Historically, changes in the country's economic conditions have significantly affected participation in the Supplemental Nutrition Assistance Program. For example, the number of SNAP recipients typically rises during recessionary periods when the number of unemployed and poor people increases and falls during periods of economic growth as the number of unemployed and poor people decreases.

Coinciding with the recession that started in December 2007, the unemployment rate was 9.6 percent in 2010, the highest rate since 1983. According to Census Bureau figures released in September 2010, the Nation's official poverty rate grew to 14.3 percent in 2009, the highest since 1994. During 2009, real (adjusted for inflation) median household income in the United States (\$49,777) was about the same as in 2008.



Selected economic and social indicators, 2008-10

Indicator	2008	2009	2010
Population in July (millions)	304.4	307.0	NA
Persons in poverty (millions)	39.8	43.6	NA
Poverty rate (percent)	13.2	14.3	NA
Median household income (2009 dollars)	50,112	49,777	NA
Civilian unemployment rate (percent)	5.8	9.3	9.6
Real GDP (percent change)	0.0	-2.6	2.8
Food-insecure households (thousands)	17,149	17,354	NA
Very-low-food-security households (thousands)	6,723	6,753	NA
CPI for all items (percent change)	3.8	-0.4	1.6
CPI for food (percent change)	5.5	1.8	0.8
CPI for food at home	6.4	0.5	0.3
CPI for food away from home	4.4	3.5	1.3
TANF recipients in June (thousands)	3,732	4,077	4,334
School enrollment (thousands)	55,500(P)	55,632(P)	55,850(P)

GDP=Gross domestic product.

CPI=Consumer Price Index.

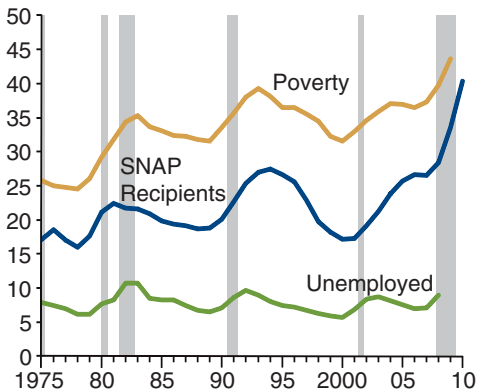
TANF=Temporary Assistance for Needy Families.

NA = Data not available.

(P) = Projected.

Number of SNAP recipients, unemployed, and people in poverty, 1975-2010

Millions of persons



Note: Vertical bars indicate recessions.

SNAP=Supplemental Nutrition Assistance Program.

Research Update: Recent Food Assistance-Related Reports

ERS is the premier source of economic research on food and nutrition assistance programs in the United States. This research is conducted internally by ERS staff as well as through a portfolio of ERS-funded extramural research projects and partnerships. ERS has compiled an electronic database of the hundreds of peer-reviewed reports that are available at <http://www.ers.usda.gov/Briefing/>

FoodNutritionAssistance/ResearchFindings/. Among the ERS reports released in 2010:

Economic Research Reports (ERR)

Household Food Security in the United States, 2009, ERR-108, November 2010. Eighty-five percent of American households were food secure throughout the entire year in 2009, meaning that they had access at all times to enough food for an active, healthy life for all household members. The remaining households (14.7 percent) were food insecure at least some time during the year, including 5.7 percent with very low food security. In households with very low food security, the food intake of one or more household members was reduced and their eating patterns were disrupted at times during the year because the household lacked money and other resources for food. The typical food-secure household spent 33 percent more on food than the typical food-insecure household of the same size and household composition. Fifty-seven percent of all food-insecure households participated in one or more of the three largest Federal food and nutrition assistance programs during the month prior to the 2009 survey.



The Food Assistance National Input-Output Multiplier (FANIOM) Model and Stimulus Effects of SNAP, ERR-103, October 2010. ERS uses the Food Assistance National Input-Output Multiplier (FANIOM) model to represent and measure linkages between USDA's domestic food and nutrition assistance programs, agriculture, and the U.S. economy. This report describes the data sources and the underlying assumptions and structure of the FANIOM model and illustrates its use to estimate the multiplier effects from benefits issued under SNAP. During an economic downturn, an increase in SNAP benefits provides a fiscal stimulus to the economy through a multiplier process. The FANIOM analysis of SNAP benefits as a fiscal stimulus finds that an increase of \$1 billion in SNAP expenditures is estimated to increase economic activity (gross domestic product, or GDP) by \$1.79 billion. In other words, every \$5 in new SNAP benefits generates as much as \$9 of economic activity. The corresponding jobs impact estimates are 9,000 to 10,000 jobs that are attributed to \$1 billion of SNAP benefits.

Rising Infant Formula Costs to the WIC Program: Recent Trends in Rebates and Wholesale Prices, ERR-93, February 2010. WIC provides participating infants with free infant formula. This study estimated that between 57 and 68 percent of all infant formula sold in the United States was purchased through WIC, based on 2004-06 data, and that formula costs to the WIC program have increased. Typically, WIC State agencies receive substantial rebates from manufacturers

for each can of formula provided through the program. Each WIC State agency, or group of agencies, awards a contract to the manufacturer offering the lowest net wholesale price, defined as the difference between the manufacturer's wholesale price and the State agency's rebate. After adjusting for inflation, net wholesale prices increased by an average 73 percent for 26 fluid ounces of reconstituted formula between States' contracts in effect in December 2008 and the States' previous contracts. As a result of the increase in real net wholesale prices, WIC paid about \$127 million more for infant formula over the course of a year.

WIC Participation Patterns: An Investigation of Delayed Entry and Early Exit, ERR-109, December 2010. Despite the health benefits of participation, many eligible households do not participate in WIC. While roughly half of infants born in the United States receive WIC benefits, USDA statistics indicate that eligible pregnant women and children 1-5 years of age are far less likely to participate in WIC than eligible infants and postpartum women. This implies that a number of pregnant women delay enrollment until after having a child, and that many households leave the program when a participating child turns 1 year old. Research on the factors that influence the dynamics of WIC participation can inform outreach and targeting efforts, so that vulnerable populations receive adequate exposure to the benefits of WIC participation.

Information on food assistance research can be found on the ERS website at www.ers.usda.gov/briefing/foodnutritionassistance and on the FNS Office of Research, Nutrition, and Analysis website at www.fns.usda.gov/oane/. Information on USDA's food assistance programs can be found on the FNS website at www.fns.usda.gov/fns/. For more information on this report, contact Victor Oliveira at victoro@ers.usda.gov.

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